TESTIMONY BEFORE THE HOUSE SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY, INTERGOVERNMENTAL RELATIONS AND THE CENSUS

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I am a demographer with a company that provides information products to a wide range of large and small businesses. Businesses are prolific users of census data—usually in the form of value-added products tailored to applications such as site selection and consumer segmentation. These applications require demographic data for very small geographic areas, and the census is the best and often the only source of such neighborhood level information. The private sector has its own excellent data resources, but they cannot replace the data provided by the census. Private databases typically lack much of the content provided by the census, and are not really designed for small area statistical applications.

Many private sector information products start with census data, so the quality of such products, and the decisions businesses make based on these products, depend on the quality of census data. Especially important are the long form census data, which provide detail on income, education, employment, language, and other items relevant to business decision. With plans for a short form only census in 2010, business users have a major stake in the American Community Survey (ACS).

Support and even enthusiasm for the ACS are growing in the private sector because the ACS is billed as a long form replacement with the bonus of more frequent updates. The frequent updates hold great promise and appeal, but long form replacement is the top priority. And for business users, long form replacement means quality data for small areas. And by "small area," business users mean block groups—the smallest geographic level provided by the long form. Business users can accommodate the changes and challenges associated with the ACS, but quality small area data is a bottom line requirement.

The ACS is an ambitious program, and data users have expressed some concerns about it. The concerns are legitimate, and need to be addressed, but the concerns also point to potential benefits of the ACS.

First, there is concern that controlling the ACS to Census Bureau estimates would introduce errors, as there are known problems with some Census Bureau estimates. But concern that some Census Bureau estimates might not be good enough for the ACS should not dampen support for the ACS itself. Businesses already use products controlled to these estimates, as they are widely used by the private data suppliers in their value-added products. And there is reason to expect the ACS to contribute improvements

to the Census Bureau's estimates program. For example, regular updates to the Census Bureau's Master Address File (MAF)—required by the ACS—should improve estimation capabilities for both large and small areas. At Claritas, we have used small area ACS test data (essentially MAF counts) in our estimates, and evaluations confirm that these have been some of our more accurate estimates. It remains to be seen just how the ACS and Census Bureau estimates will be integrated, but the potential for improvement is with the ACS.

Second, there is concern that group quarters data are not being collected by the ACS, and may be a low ACS priority. To qualify as a long form replacement, the ACS must include the population in group quarters. But if group quarters data seem a stepchild of the ACS, they may be a stepchild of the census as well. Numerous and significant errors in the 2000 census group quarters data already impair our ability to accurately account for populations in college dormitories, nursing homes, military quarters, and other facilities. They also give us large errors in the population counts for some small areas. And we will live with these errors for the rest of the decade. In contrast, an ACS that includes group quarters could provide more timely corrections, and should ensure better group quarters counts in the next census. Again, the potential for improvement is with the ACS.

Third, there is concern that delays in full ACS implementation have pushed the release of the first small area data to 2010. The delays are unfortunate and have some users worried about ACS funding. But for most business purposes, 2010 would be acceptable, as we would not expect 2010 census data—replacing 2000 data—until 2011 and 2012. Further delays would be a problem, but current timing is consistent with the goal of long form replacement.

Finally, there is concern that the schedule gives us insufficient time to test ACS data, which would be complicated by five-year averages, new residence rules, and other technical issues. ACS data would pose challenges, and in an ideal world, we might do more testing. But the world of census data has never been perfect. I do not know yet exactly how we would meet these challenges, but I know we would—it's what we do in applied demography. Again, the potential for improvement is with the ACS, and if we get an ACS that is a true long form replacement, we will incorporate it into the information products we provide to so many businesses. ACS data would significantly improve the quality of these products, and would better enable American businesses to serve American consumers.